# United States Senate
## SPECIAL COMMITTEE ON AGING

## "Medicaid in Crisis: *Could Long Term Care Partnerships Be Part of the Solution?"*

## OPENING STATEMENT OF SENATOR CRAIG

**June 22, 2004**

Good morning and welcome. I would venture to say that Senator Bayh and I have a particular interest in today's hearing, as it deals directly with legislation that we have sponsored.

For the past several years, Medicare has commanded most of Congress' health care attention. This is understandable, but it has also, to some degree, obscured the equally important issue of long-term care.

Experts estimate that four out of ten people who reach the age of 65 will need long-term care at some point. The average cost of a one-year stay in a nursing home today is $67,000 -- and the average length of stay is about two and a half years.

This often ruinous expense comes as a surprise to many seniors who mistakenly believe that nursing home care is covered under Medicare. As a result, many seniors find themselves in the tragic position of having to spend down nearly their lifetime savings until they reach the poverty level and qualify for Medicaid.

The government, either state or federal, now currently pays for more than 60 percent of long-term care costs. But with the Baby Boom generation quickly aging, long-term care costs are expected to double by the year 2025 and nearly quadruple by 2050. Given these sobering demographics and the continuing budget pressures facing state governments, the present Medicaid-dominated funding approach to long-term care is simply unsustainable.

To help address this difficult challenge, Senator Bayh and I have re-introduced the "Long-Term Care Insurance Partnership Program Act of 2004." This legislation would allow Americans to purchase state-approved private long-term care insurance policies, and in return, the state would guarantee that should the policy benefits be exhausted, the government would cover the costs of their continuing care through Medicaid without first requiring a beneficiary to become impoverished.

This legislation builds on partnership programs currently operating in four states - California, Connecticut, Indiana, and New York. We are lucky enough to have representatives from Indiana here with us today to share their experiences. The bill would lift current federal restrictions and make such programs available nationwide. Like over 15 other states, my own state of Idaho recently passed a joint memorial asking Congress to amend federal law to allow states to enter into these innovative partnerships. I am extremely pleased that President Bush has also recognized the value of this approach – and that the President has included it in his 2004 Budget request to Congress.

Enrollment in these policies is growing. And out of 150,000 partnership policies currently in force in these four states, only about 86 policyholders to date have exhausted their long-term care insurance benefits and been forced to turn to Medicaid.

Such Long-Term Care Partnership Programs truly represent a “win-win” for all concerned – something rarely encountered in health care policy: For the individual, such "partnership policies" allow the person feel secure that the money they saved for their golden years won’t be quickly wiped out on their way to poverty. For states, such policies offer a way to relieve pressure on skyrocketing Medicaid expenditures.

Long-Term Care Partnership Programs alone will not completely resolve the Medicaid crisis so many states are dealing with, but it is one innovative option that states can consider.

I look forward to our testimony and discussion this morning. Thank you.